

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
6 January 1969

MEMORANDUM

SUBJECT: Problems for a Middle East Settlement

The nub of the Arab-Israeli dispute revolves around the Arabs' unwillingness to recognize Israel--which they fear is basically expansionist; and Israel's insistence on what it believes are "secure and recognized borders"--those which it regards as "essential" to any defense of its existence. Israel considers its hold on the conquered Arab territories as the trump card which will force the Arabs to make peace and to drop their hopes for an end to the state of Israel.

In sum, the Arabs say, "Give us back our territory and we will make peace"; the Israelis say, "We will hang on to it until you indicate that you will in fact make peace."

Egypt's Position

1. The Egyptian position, as delineated by the Russians, is that Israeli troops must first be withdrawn from all the occupied Arab territories. Egypt would then declare an end of its state of belligerency and allow a UN presence at Sharm ash-Shaykh--which dominates the Strait of Tiran leading to the Israeli port of Elat--at Gaza, and along the old Egyptian-Israeli border. The UN presence would be described as "temporary," but there is little doubt that it would endure for a long time and be subject to withdrawal only at the direction of the Security Council. Egypt also makes Israeli implementation of the UN resolution of 22 November 1967 prerequisite to free Israeli transit of the Suez Canal. Finally, the Arabs now would sign the same copy of a "peace" document, but not in the Israeli presence.

DOS REVIEW
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2. Nasir is searching for a solution which is "defensible" in the Middle East, and particularly at home, and apparently sees an imposed solution as taking him off the hook. Governor Scranton's visit has raised Arab hopes that the US is switching its policy vis-a-vis Israel. Nasir's presidential adviser has told US officials in Cairo that "unrealistic" hopes were being built up in Egypt and in the Arab world that "all will be solved by January 21."

Jordan's Position

3. Jordan demands categoric Israeli acceptance of withdrawal to the pre-war boundaries, but would accept certain minor border "rectifications" to satisfy Israeli security requirements, provided there is some territorial compensation for Amman.

The Israeli Position

4. Israeli leaders are currently in a state of great uncertainty as a result of the changeover of the US administration and Governor Scranton's statements regarding a "more evenhanded" US policy, of De Gaulle's espousal of an imposed solution, and of recent US-USSR and US-Egyptian exchanges. All these, they believe, foreshadow a "softening" of the US position regarding a settlement. Israeli Ambassador Rabin told Undersecretary Rostow flatly on 23 December that the US was "undermining" the Israeli position and harming the Jarring mission.

5. The Israelis believe an imposed solution could only be unfavorable to them and bring them back to the territorial situation existing prior to June 1967. They would prefer to give lip service to the Jarring mission and to sit tight on the occupied territories until the Arabs come around. They believe they are in a good defensive and bargaining position which--if the big powers do not interfere--will eventually produce a settlement on their terms. They claim that the US-USSR dialogue is interfering with the Jarring mission and causing "serious damage to Israeli vital interests."

6. The US and Israel disagree principally on what constitutes "secure and recognized borders." The US has said that Israel should not have to go

back to the pre-1967 borders, but has indicated agreement to "minor modifications" in those borders. It has become increasingly clear, however, that Israel has more than "minor" territorial modifications in mind. The Israelis are installing Jewish settlements in the Golan Heights of Syria and have made it clear they will resist anything but Israeli control of Jerusalem--allowing Arab access to the holy places. They have agreed among themselves on something very close to the 'Allon Plan'* for the West Bank of Jordan, and if they do not hold the Gaza Strip, they will not allow Egypt to have it. They also demand retention of some territory in the Sharm ash-Shaykh area to give them "irrevocable" access to their port of Elat.

USSR's Position

7. Over the last four months, Soviet diplomatic efforts to achieve a Middle East settlement have taken several forms, including formal notes to and informal conversations with the US. Soviet diplomats have discussed the question in other Western capitals, and Gromyko's trip to Cairo from 21 to 24 December was clearly intended to gain Egyptian approval of the Soviet timetable plan presented to the US on 30 December.

8. The Soviet position has shown little divergence from the Arabs' on substantive points. The note of 30 December reiterates Moscow's demand that Israel

**This plan, first advocated by Deputy Prime Minister Allon, reportedly is now, in somewhat modified form, the minimum territorial settlement with Jordan acceptable to a majority of the Israeli cabinet. It envisions annexation of a defensive strip--perhaps 10 miles wide--along the west side of the Jordan River which would be populated by Israeli paramilitary settlements. The rest of the West Bank would be demilitarized and returned to Jordanian sovereignty, but would remain open to unrestricted patrolling and other movements by Israeli military units. A small corridor near Jericho would connect the separated portions of Jordanian territory.*

withdraw to the demarcation lines which existed prior to the war, and that UN forces return to the Sinai peninsula and guarantee free navigation in the Gulf of Aqaba. There is still no mention of direct Arab-Israeli negotiations (these would be through Jarring) of the future status of Jerusalem.

9. The Soviets suggest that the Israeli withdrawal be carried out in two stages, which are similar to those put forth in the note of 4 September 1968. The first stage would be to lines about 25 miles from the Suez Canal and the Jordan River. When the first stage of withdrawal begins, the Arab states and Israel would deposit documents with the UN ending the state of belligerency and recognizing the territorial integrity of each state in the area. When the stage is completed, Egypt would be permitted to prepare the Suez for navigation.

10. The second stage calls for Israeli withdrawal to lines "held prior to 5 June 1967." The Soviets also favor the status quo ante bellum in the Sinai peninsula with UN troops returning to Sharm ash-Shaykh and the Gaza strip. When the withdrawal is complete, the documents deposited earlier concerning an end to the state of war would go into effect.

11. There are several new features in the latest Soviet proposal. The Soviets, for the first time, have not insisted that Israeli agreement to withdraw must precede agreement on other aspects of the November resolution. The Soviets now contend that all parts of the resolution are to be outlined at the same time "by means of contacts through Jarring."

12. Despite the specific references to a return of Israel to its boundaries of 5 June 1967, the Soviet note says that one of the points to be considered through Jarring is agreement on "secure and recognized boundaries (with corresponding maps attached)." This suggests Moscow has not ruled out some minor border alterations--a concession made orally by Dobrynin and Semenov in earlier informal conversations, but one from which Moscow has since tried to back off.

13. Finally, the Soviets have not linked the Suez reopening to settlement of the Arab refugees

question, and they have made it clear that the more recalcitrant Arab states, such as Syria and Algeria, would not stand in the way of an Egyptian-Jordanian settlement with Israel.

14. Moscow has shown considerable flexibility on the means of working toward a settlement. It continues to back the Jarring mission, although its own diplomatic efforts suggest that Jarring is regarded as only one tool usable in several ways. The Soviets have said that guarantees of a settlement could be handled through the Security Council or by the great powers operating outside the UN. In recent conversations with the French, Moscow has kept alive the possibility of a four-power meeting on the Middle East, and after the Beirut attack Ambassador Zorin in Paris endorsed De Gaulle's call for four-power action.

15. It is clear, however, that Moscow is most interested in continuing bilateral conversations with the US. The note of 30 December specifically called for a further exchange of views with the US. The Soviets, especially in New York, have seemed intent on exploring for areas of agreement. The Soviet press, however, has continued to lambaste Israel, and the Soviets are clearly not about to throw away the good will they have built up with the Arabs since June 1967. Just as clearly, however, they do not see time working in their or the Arabs' favor.

What Next?

16. The Soviet note put the ball in the US court. The US has handed a copy of the note to the Israelis, and Ambassador Rabin--just back from Tel Aviv--is delivering their answer to Under Secretary Eugene Rostow today. Their response seems certain to be colored by their suspicious hostility to any US-USSR bilateral talks. There are nevertheless elements of the plan which should appeal to the Israelis, e.g., the elimination of the Soviet demand for prior Israeli withdrawal, the Soviet emphasis on the continuation of the Jarring mission, and Soviet acceptance of the idea of a settlement reached by agreement of the parties, rather than an "imposed" settlement. Other parts of the Soviet plan they will fiercely resist: the continued emphasis of the Soviets on withdrawal to

the pre-June 1967 borders, the suggestion of a return of Arab troops and police to the occupied areas after Israeli withdrawal, and the proposal to use UN troops in Sinai, the Gaza Strip, and Sharm ash-Shaykh. The French and British, too, have been engaged by the Soviet initiative, starting new exchanges of views on the Washington-London-Paris circuit.

17. Jarring, back at his post in Moscow, seems to be waiting for the new administration to take over in Washington. His mission as a "post office" for the two sides apparently has reached the end of the line, and he believes that it is up to the big powers to come forth with proposals for a settlement. The Israelis have flatly stated, however, that if Jarring becomes more than a "post office" and puts forth any suggestions of his own he is a "dead duck" as far as Tel Aviv is concerned.

18. If the Arabs pull another spectacular--such as the Athens airliner incident--in counterretaliation for the Israeli raid on Beirut Airport, the Israelis are certain to hit back and the whole situation will move toward a series of bigger and more dangerous clashes. This would impel the Big Powers into a greater flurry of activity while increasing the adamancy of Israel's resistance to compromise.

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